BTEC Bulletin

News from the Business Transformation Executive Committee

USAID Business Transformation Plan:

• **Human Capital**
• **BSM**
• **Knowledge for Develop.**
• **Strategic Budgeting**

USAID Receives Clean Audit Opinion for the First Time

For the first time ever, USAID has achieved an unqualified or "clean" audit opinion on its financial statements.

In accordance with the requirements of the Government Management Reform Act of 1994, the Office of Inspector General (OIG) has conducted an annual audit of the Agency's consolidated year-end financial statements since FY1996. The OIG's results for FY2003 - a clean audit opinion on all five of USAID's principal financial statements.

The clean opinion indicates that USAID's financial statements have fairly presented the Agency's financial activities in conformity with generally accepted accounting principles.

USAID CFO Lisa Fiely said that this is a "significant milestone that puts the Agency in the forefront of the U.S. Government in terms of the timeliness, accuracy, and accountability of our financial management systems."

The clean audit opinion is especially noteworthy because the Agency also reported results ahead of schedule in its FY 2003 Performance and Accountability Report (PAR) issued in mid-November. This deadline was met **(Continued on Page 2)**

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Collaboration Plans Presented to State/USAID Joint Management Council

At the State/USAID Joint Management Council (JMC) meeting on December 1, 2003, the seven JMC working groups presented implementation plans for their respective areas of collaboration. These plans were presented in terms of benefits, obstacles and recommended actions.

The **Human Resources Working Group's** plans addressed issues such as employee training, cross assignments, diplomatic and development readiness initiative, overseas employment, HR IT systems, and performance management. Collaboration plans include: ensure USAID language testing needs are met at the Department of State (DoS) Foreign Service Institute; jointly design new senior policy seminars; exchange five domestic mid-level positions for joint assignment; and exchange information on public members for Foreign Service Selection Boards.

E-Gov Working Group co-chair Mark Kneidinger, DAA/M, said that the working group's implementation plans focused on the following areas: enterprise architecture (EA); capital planning and investment control (CPIC); and knowledge management (KM). KM goals include use of a common collaboration tool; EA goals include development of a common EA; and CPIC goals include cross-membership on each agency's respective CPIC mechanism, i.e., the DoS E-Gov Program Board and USAID's CPIC Subcommittee.

Mark Kneidinger, co-Chair of the **Management Processes Working Group** reported on joint initiatives in the following areas: competitive sourcing, small business procurement, acquisitions and assistance, ICASS, and financial systems. USAID and DoS have signed a Memorandum of Understanding pertaining to ICASS services that calls for a joint review of overseas administrative support operations. This review will commence in early 2004. Likely **(Continued on Page 2)**

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one year in advance of the OMB requirement to accelerate issuance o f combined PARs to 45 days following the end of the fiscal year beginning with the FY 2004 reporting cycle USAID is one of only eight federal agencies to meet this accelerated deadline.

Monitoring costs down to the level of the Agency's missions should become easier with overseas deployment of the Agency's Web-based Phoenix core accounting system, which is to begin on a pilot basis in 2004 in missions in Ghana, Peru and Egypt, and extend to all missions through FY 2006.

A clean audit opinion is key to agencies receiving a Green *status* score for Financial Management (FM) on the President's Management Agenda. To date only three federal agencies have received a green status score for FM. USAID has received green *progress* scores for Financial Management on the past several PMA scorecards.

Business Model Review to Study Delivery of Overseas Programs

At its November meeting, the BTEC was briefed on an upcoming Agency study - the Overseas Business Model Review. "Business Model" refers to the means and the organizational structure through which assistance programs are planned, implemented and monitored.

DAA/PPC Jon Breslar explained that the purpose of this review is to assess existing and possible business models for delivering USAID development programs overseas. The specific tasks of the review are to develop a compendium of overseas development and service delivery modes and assess their advantages/disadvantages; evaluate development assistance delivery systems in other organizations; compare cost implications of alternative modes; identify issues that drive decisions on delivery modes; and analyze the roles of Foreign Service National employees, U.S. contractors and NGOs.

Field assessments will be conducted in January 2004. The final report is targeted for completion at the end of February and will be presented to the BTEC in March. The Business Model Review is the third phase of the Agency's restructuring effort. The reorganization of USAID's Headquarters structures and the development of an overseas staffing template comprised phases 1 & 2 respectively. Rightsizing is the fourth and final phase. Following the Business Model Review and a determination of an appropriate model(s), efforts will begin to determine the optimal number of USAID employees required to meet the Agency's goals. This initiative relates to the Agency goals and the PMA goals for Strategic Management of Human Capital.

> Your comments and suggestions are welcomed. Please contact your bureau's BTEC member or nbarnett@usaid.gov. You may also contact us online at http://inside.usaid.gov/BTEC/

> ✔ **The next BTEC meeting is scheduled for January 14th.**

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missions that will be included in the joint review are Cairo, Jakarta, Phnom Penh and Dar-es-Salaam. These are missions where ICASS and USAID both provide similar services.

Information & Communications Technology Working Group reported that joint activities included: piloting the DoS Post Administrative Software Suite (PASS) in four USAID missions (India, Botswana, Columbia and Serbia); adding USAID as a non-voting member to State's SMART governing board (responsible for replacing the current cable system with a modern messaging system); signing of a Memorandum of Understanding (MOU) by State and USAID to interconnect the two agencies intranets in Washington DC (already in place); and reviewing e-Room as a possible collaboration tool for both agencies.

Facilities Working Group co-Chair, Steve Callahan, M/AS/OMS, reported on the following joint focus areas: long-range overseas buildings plans; capital security cost-sharing (CSCS); and overseas housing. This working group has completed development of jointly agreed upon program principles for CSCS and overseas housing; plans to survey managers in the field regarding perceived problems; and will disseminate joint policy guidance. Funding, staffing and security issues are challenges in the area of long range overseas buildings plans.

Jon Breslar, DAA/PPC, co-Chair of the **Resources Management Working Group**, said that joint initiatives under review included: synchronized planning/budgeting schedules (beginning December 2003 with full integration targeted for May 2004); combining annual performance plans; and establishing administrative cost charges for USAID-managed programs (develop an agreement on the appropriate overhead rate(s) for jointly-managed programs).

Security Working Group co-Chair, Mike Flannery, SEC, reported on the following focus areas: Leverage Contract Support; Enhance Worldwide Operations; Improve Protection of Soft targets; and Enhance Security Infrastructure. Plans include reviewing and updating a MOU signed with DoS in 1987 regarding overseas security services; improving security training; and creating a USAID security liaison position in State's Office of Diplomatic Security.

The JMC working groups' implementation plans will be consolidated into a State-USAID Management Business Plan that will serve as an overall roadmap for inter-agency collaboration. This document will be circulated to the JMC in January 2004 for comment and implementation. The next JMC quarterly meeting is scheduled for April 2004.

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Minutes of the BTEC meetings can be found on the BTEC website at http://inside.usaid.gov/BTEC/

> ## *Did you know…*
> **..…**that GAO has issued a guide, "Key Principles for Effective Strategic Workforce Planning," based on interviews with federal managers and officials at the Office of Personnel Management. The guide also culls information from academic studies and experts at think tanks. This activity relates to the PMA goal for Strategic Management of Human Capital**…….**.